

***Michigan Department of Treasury***



# **Annual Report of the State Treasurer**

***Fiscal Year 1995-96***

**John Engler**  
*Governor*

**Douglas B. Roberts**  
*State Treasurer*

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## **State Treasurer's Letter**

# About the Michigan Department of Treasury

The Michigan Constitution provides for the office of the State Treasurer in Section 3, Article 5. The Governor appoints the State Treasurer with the advice and consent of the Senate. Governor John Engler appointed Douglas B. Roberts as the State's 39th State Treasurer on January 2, 1991.

## Responsibilities

Under the State Treasurer's direction, the Department of Treasury collects, invests and disburses State monies. The department administers the major tax laws, which in fiscal 1996 generated 96.0% of the total state tax collections.

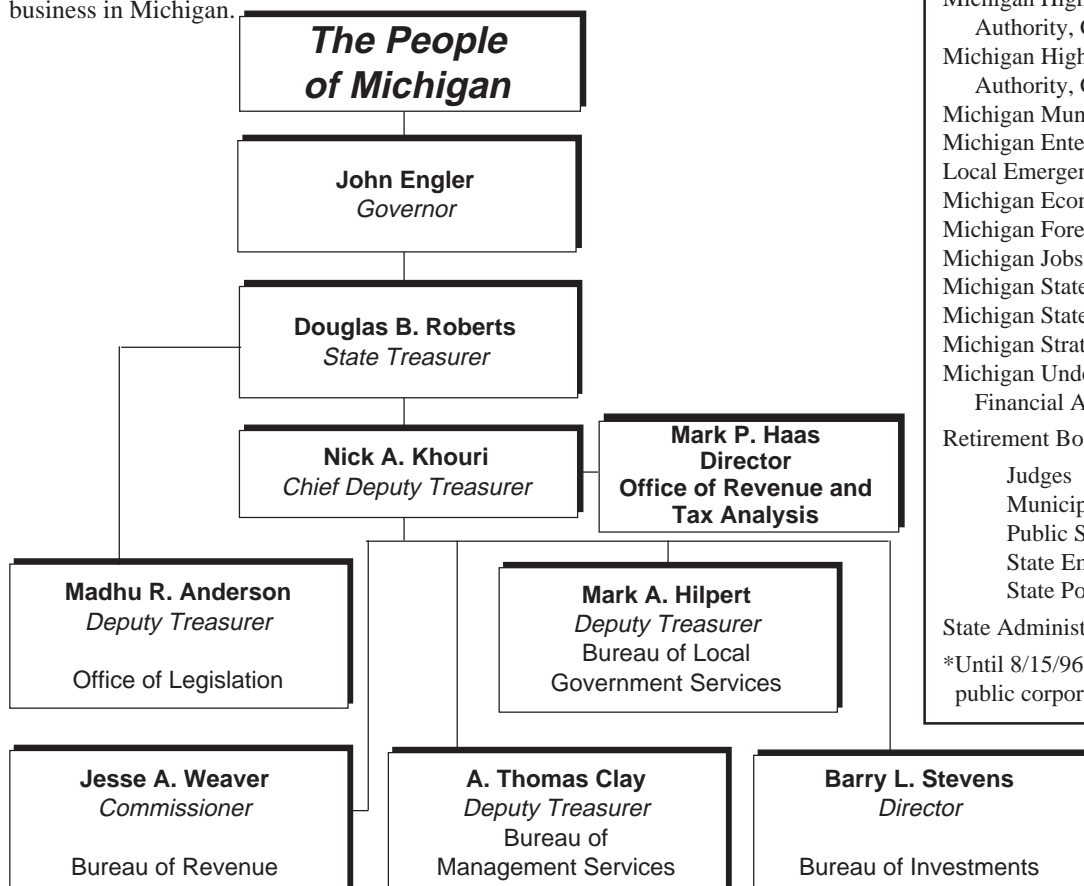
The Department of Treasury also administers property tax laws, safeguards the credit of the State and its local governments, audits county and municipal finance records and cares for abandoned property through escheat.

The Department of Treasury provides support services to the State Tax Commission, Michigan Municipal Bond Authority, State Assessors Board, Michigan State Hospital Finance Authority, Michigan Higher Education Facilities Authority, Michigan Higher Education Assistance Authority, Michigan Higher Education Student Loan Authority and Michigan Education Trust. By law, these boards operate independent of the State Treasurer, and their members are appointed by the Governor or serve by virtue of their office in state government.

## Administration

The Michigan Department of Treasury is organized into an executive office and four bureaus: Revenue, Investments, Local Government Services and Management Services. In fiscal 1996, departmental operating expenditures were \$137.5 million. At the close of fiscal 1996, Treasury employed 1,544 people.

The Department of Treasury's main office is in downtown Lansing. In addition, field offices located throughout Michigan provide a link to the main office for Treasury auditors and collectors who are assigned to Michigan's 83 counties. Treasury maintains offices in Chicago, Cleveland, Dallas, Los Angeles and New York to have auditors present to review the activities of multi-state taxpayers doing business in Michigan.



## Commissions, boards and authorities within the Michigan Department of Treasury:

Michigan Education Trust  
Michigan Higher Education Assistance Authority  
Michigan Higher Education Facilities Authority  
Michigan Higher Education Student Loan Authority  
Michigan Municipal Bond Authority  
Michigan State Hospital Finance Authority  
State Assessors Board  
State Tax Commission

## The State Treasurer serves as sole investment fiduciary of the following retirement systems:

Judges  
Public School Employees  
State Employees  
State Police  
Total Assets = \$32.8 billion on September 30, 1996

## The State Treasurer serves as treasurer of the following:

Mackinac Bridge Authority  
Michigan Strategic Fund  
Michigan Judges Retirement System  
Michigan Legislative Retirement System  
Michigan Public School Employees Retirement System  
Michigan State Police Retirement System  
Municipal Employees Retirement System\*

## The State Treasurer sits as a board member of the following agencies, authorities and commissions:

Michigan Education Trust, Chair  
Michigan Higher Education Assistance Authority, Chair  
Michigan Higher Education Student Loan Authority, Chair  
Michigan Municipal Bond Authority, Chair  
Michigan Enterprise Zone Authority  
Local Emergency Financial Assistance Loan Board  
Michigan Economic Growth Authority  
Michigan Forest Finance Authority  
Michigan Jobs Commission  
Michigan State Hospital Finance Authority  
Michigan State Housing Development Authority  
Michigan Strategic Fund  
Michigan Underground Storage Tank Financial Assurance Authority

## Retirement Boards:

Judges  
Municipal Employees \*  
Public School Employees  
State Employees  
State Police

State Administrative Board

\*Until 8/15/96 (When MERS became an independent public corporation)

## ***Cash and Investments***

# Auditor General Letter

# Schedule 1



## State Treasurer's Common Cash - Assets and Equities (In Thousands of Dollars)

	Fiscal Year Ended	
	September 30, 1996	September 30, 1995
<b>Assets:</b>		
Cash on Hand	\$ 186	\$ 140
Cash in Transit	282	-0-
Demand Deposits	162,885	135,330
Time Deposits - Regular	69,570	35,170
Time Deposits and Notes - Agricultural Loan Program	-0-	324
Prime Commercial Paper - At Cost	2,288,869	3,052,756
Emergency Municipal Loans	<u>18,155</u>	<u>32,914</u>
<b>Total</b>	<u><u>\$ 2,539,947</u></u>	<u><u>\$ 3,256,635</u></u>
<b>Equities:</b>		
Available Equity of Other Funds	\$ 2,364,573	\$ 3,048,127
Outstanding Warrants	<u>175,374</u>	<u>208,509</u>
<b>Total</b>	<u><u>\$ 2,539,947</u></u>	<u><u>\$ 3,256,635</u></u>

The accompanying notes are an integral part of the financial schedules.

# Schedule 2



## Investment Portfolios of Specific Funds (In Thousands of Dollars)

Fund	Short-Term Investments	Government Securities	Corporate Bonds, Notes and Contracts	Convertible Bonds	Preferred Stock	Common Stock	Mortgages	Real Estate	Alternative Investments	Third Party Administered	International Equities	Fiscal Year Ended	
												Sept. 30, 1996 Total	Sept. 30, 1995 Total
Michigan Veterans' Trust	\$ (374)	\$ 49,375	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 49,001	\$ 48,343
Game & Fish Protection Trust Fund	50,559	7,214	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	57,773	49,311
Michigan Natural Resources Trust Fund	176,147	20,277	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	196,424	175,095
Michigan State Parks Endowment Fund	39,991	4,859	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	44,850	-0-
Children's Trust	562	6,054	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	6,615	5,854
State Lottery - Deferred Prize Fund	42,039	980,535	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,022,574	974,031
Michigan Higher Education Assistance Authority	1,420	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,420	1,417
Legislative Retirement	3,970	43,876	8,260	-0-	179	44,902	-0-	-0-	-0-	-0-	-0-	101,188	92,363
State Police Retirement	48,179	113,679	92,692	348	8	216,798	22,140	45,472	35,660	-0-	29,362	604,339	543,143
State Employees' Retirement	699,060	1,066,502	882,479	3,269	92	2,037,291	148,240	438,818	334,445	-0-	277,129	5,887,323	5,323,630
Public School Employees' Retirement	1,827,668	3,582,479	3,042,520	11,363	320	7,008,949	579,757	1,459,974	1,162,844	-0-	954,827	19,630,702	18,037,917
Judges' Retirement	20,202	39,897	31,346	125	3	75,805	7,249	15,078	11,991	-0-	9,916	211,612	195,716
Michigan Education Trust	13,044	129,074	259,195	-0-	233,040	-0-	-0-	-0-	-0-	-0-	-0-	634,352	544,441
Michigan Education Trust, Plan II	-0-	13,647	-0-	-0-	-0-	4,250	-0-	-0-	-0-	-0-	-0-	17,897	-0-
Gifts, Bequests, and Deposits Investment	23,214	1	-0-	-0-	-0-	652	-0-	-0-	-0-	-0-	-0-	23,868	24,327
Municipal Employees' Retirement	182,371	330,945	245,317	94,792	27,651	893,813	538	94,470	-0-	-0-	315,805	2,185,702	1,920,544
Federal Housing Administration - Mortgages Escrow	50,245	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	50,245	50,766
State Employees Deferred Compensation: Fund I 457	81,502	62,211	1,198,504	-0-	-0-	-0-	-0-	-0-	-0-	365,286	-0-	1,707,504	94,762
Fund II 401 (k)	35,658	-0-	165,934	-0-	-0-	-0-	-0-	-0-	-0-	320,770	-0-	522,362	-0-
Totals	<u>\$ 3,295,457</u>	<u>\$ 6,450,626</u>	<u>\$ 5,926,247</u>	<u>\$ 109,897</u>	<u>\$ 261,293</u>	<u>\$10,282,461</u>	<u>\$757,924</u>	<u>\$ 2,053,812</u>	<u>\$1,544,940</u>	<u>\$ 686,057</u>	<u>\$ 1,587,039</u>	<u>\$ 32,955,752</u>	<u>\$ 28,081,660</u>

The accompanying notes are an integral part of the financial schedules.



# Schedule 3



## Investment Revenues (In Thousands of Dollars)

Fund	Common Cash	Specific Funds	Fiscal Year Ended	
			1996 Total Revenues	1995 Total Revenues
General	\$ (64,749)		\$ (64,749)	\$ (67,292)
Counter - Cyclical Budget and Economic Stabilization	59,205		59,205	52,533
Game and Fish Protection	157		157	51
State Aeronautics	1,055		1,055	965
Michigan Veterans' Trust	104	3,635	3,739	3,578
State Trunkline	8,279		8,279	7,794
Michigan State Waterways	2,117		2,117	2,032
Blue Water Bridge	1,386		1,386	530
Michigan Transportation	9,822		9,822	12,127
Comprehensive Transportation	2,558		2,558	648
Marine Safety	315		315	292
Game and Fish Protection Trust	2,577	323	2,900	2,761
State Park Improvement	241		241	370
Forest Development Fund	404		404	---
Recreation Bond Fund - Local Projects	1,070		1,070	649
Michigan Conservation Endowment Fund	1,159		1,159	375
Michigan Natural Resources Trust	9,397	845	10,241	9,585
Michigan State Parks Endowment Fund	2,525	104	2,629	750
Safety Education and Training	184		184	117
Environmental Protection Bond	3,670		3,670	1,630
Workplace Health and Safety	2,651		2,651	719
State Construction Code	415		415	244
Children's Trust	22	425	447	379
Homeowner Construction Lien Recovery	77		77	102
Michigan Nongame Fish and Wildlife	188		188	176
1984 Comprehensive Transportation Bond Proceeds	---		---	---
1989 State Trunkline Fund Bond Proceeds	71		71	(216)
1992 State Trunkline Bond Proceeds	1,261		1,261	2,742
1992 State Trunkline Critical Bridge Bond Proceeds	126		126	434
1992 Comprehensive Transportation Bond Proceeds	1,250		1,250	1,447
1994 State Trunkline Bond Proceeds	3,386		3,386	7,252
Michigan Underground Storage Tank Financial Assurance	1,006		1,006	2,018
State Lottery Deferred Prize Fund	4,625	75,684	80,309	80,702
Michigan State Fair Revolving	(722)		(722)	(717)
Department of Natural Resources Magazine	(81)		(81)	---
Michigan Higher Education Assistance Authority	---	83	83	80
Accident Fund of Michigan	---		---	9,966
State Sponsored Group Insurance	12,544		12,544	12,551
State Water Pollution Control Loan	819		819	990
Combined State Trunkline Bond and Interest Redemption	72		72	(59)
Combined Comprehensive Transportation Bond and Interest Redemption	30		30	(72)
Recreation Bond Fund - State Projects	391		391	214
Legislative Retirement	430	10,291	10,721	9,605
State Police Retirement	131	58,472	58,602	41,579
State Employees' Retirement	4,084	562,185	566,269	407,813
Public School Employees' Retirement	10,490	1,910,198	1,920,689	1,381,419
Judges' Retirement	157	20,204	20,361	14,731
Michigan Employment Security Act Contingent	4,273		4,273	4,062
Michigan Education Trust	---	50,093	50,093	49,920
Michigan Education Trust, Plan II	---	370	370	---
Vietnam Veterans' Memorial Monument	4		4	2
Children's Institute Trust	5		5	5
Gifts, Bequests, and Deposits Investments	1,544	4	1,547	1,764
Silicosis, Dust Disease, and Logging Industry Compensation	290		290	362
Second Injury	1,149		1,149	1,406
Municipal Employees' Retirement	2,886	297,677	300,563	154,280
Hospital Patients' Trust	75		75	100
Federal Housing Administration Mortgages Escrow	---	1,560	1,560	1,503
Self-Insurers' Security	167		167	198
State Employees' Deferred Compensation I (457)	2,540	134,839	137,379	8,741
State Employees' Deferred Compensation II (401 k)	1,160	30,323	31,482	816
Workers' Disability Compensation Multiple Trust Funds	6		6	6
Hazardous and Solid Waste Disposal Facilities Closure Guarantee	112		112	97
Urban Land Assembly Loan	139		139	139
Utility Consumer Representation	29		29	36
Bankrupt Self-Insured Corporations' Workers' Disability Fund #1	32		32	29
Bankrupt Self-Insured Corporations' Workers' Disability Fund #2	11		11	17
Bankrupt Self-Insured Corporations' Workers' Disability Fund #3	---		---	---
Bankrupt Self-Insured Corporations' Workers' Disability Fund #4	26		26	27
Bankrupt Self-Insured Corporations' Workers' Disability Fund #5	12		12	13
Bankrupt Self-Insured Corporations' Workers' Disability Fund #6	5		5	5
Bankrupt Self-Insured Corporations' Workers' Disability Fund #7	4		4	4
Bankrupt Self-Insured Corporations' Workers' Disability Fund #8	13		13	10
Bankrupt Self-Insured Corporations' Workers' Disability Fund #9	14		14	6
Bankrupt Self-Insured Corporations' Workers' Disability Fund #10	2		2	---
Bankrupt Self-Insured Corporations' Workers' Disability Fund #11	3		3	---
Bankrupt Self-Insured Corporations' Workers' Disability Fund #12	6		6	---
Fred Sanders, Inc., Workers' Compensation Trust	8		8	8
Transportation Related Trust Funds	49		49	(70)
Totals	\$ 99,461	\$ 3,157,315	\$ 3,256,775	\$ 2,227,080

The accompanying notes are an integral part of the financial schedules.

# Notes to Financial Schedules



## Note 1: Significant Accounting Policies

### a. Report Presentation

The accompanying financial schedules report the assets and equities of the State Treasurer's common cash (Schedule 1), investment portfolios of specific funds (Schedule 2), and net investment revenues of the common cash and specific funds (Schedule 3).

The State Treasurer's common cash and specific funds are accounted for in various funds of the State of Michigan and reported on in the *State of Michigan Comprehensive Annual Financial Report*.

The *State of Michigan Comprehensive Annual Financial Report* provides more extensive general disclosures regarding the State Treasurer's common cash and deposits and investments. These disclosures provide information regarding market values and risk levels of the deposits and investments.

### Common Cash Pool

The State Treasurer, under the authority provided by state statute, manages the state's common cash pool. The pooling of cash allows the State Treasurer to invest money not needed to pay immediate obligations so that investment earnings on available cash are maximized. Pool investments are not segregated by fund, rather each contributing fund's balance is treated as equity in the common cash pool.

### Investments

The State Treasurer, under authority provided by state statutes, manages most investments for the State of Michigan.

The State Treasurer does not employ the use of derivatives in the investment of the State Treasurer's common cash pool or the investment of trust funds other than the pension trust funds.

Derivatives are financial instruments whose value is derived from, or based on, an underlying security, asset, reference rate or index. The State Treasurer uses derivatives for a small amount of the pension trust fund portfolios, primarily to provide additional diversification. However, derivatives are not used for speculation and they are not used to leverage the investment portfolios. Approximately 5 percent of the total pension trust funds portfolio has been invested from time to time in futures contracts and swap agreements. Swap agreements, which are tied to stock market indices in eight foreign countries, represent the largest category of derivatives used and total approximately 4 percent of the total portfolio.

### b. Basis of Accounting

Schedule 1, *State Treasurer's Common Cash - Assets and Equities*, is presented on the cash basis of accounting. Schedule 2, *Investment Portfolios of Specific Funds*, and Schedule 3, *Investment Revenues*, are reported on the accrual basis of accounting.

### c. Valuations of Investments

#### Schedule 1

All investments are reported at cost.

Demand deposits represent the account balance reported on bank statements and include deposits which are in the process of being collected through the banking system.

The market value of prime commercial paper at September 30, 1996 and 1995 was \$2,292 and \$3,064 million respectively.

#### Schedule 2

*Short-Term Investments:* This category includes each of the listed fund's individually held short-term investments, the fund's equity in the State Treasurer's common cash pool, receivables and payables pertaining to securities traded not yet settled at fiscal year-end.

*Government Securities, Corporate Bonds, Notes and Contracts, Convertible Bonds, Mortgages:* These investments are reported at amortized cost.

*Preferred Stock, Common Stock, International Equity Investments and derivatives for equities:* These investments are reported at average cost.

*Real Estate:* Owned real estate investments are reported at depreciated cost. Interests in limited partnerships and trusts investing in real estate are reported on the equity basis.



*Alternative Investments:* These investments consist of limited partnerships, preferred stock, common stock, corporate bonds and notes, and convertible bonds.

*Deferred Lottery Prizes Fund:* The investment portfolio for State Lottery represents assets of the Deferred Lottery Prizes Fund, which is a sub-fund of the State Lottery Fund.

*Third Party Administered:* These investments are for the Deferred Compensation Funds. Participants direct their money within a group of mutual funds. The mutual fund investments are valued at market because the participants' interests are based upon market.

**d. Securities Lending Transactions**

Under the authority of Act No. 314 of the Public Acts of 1965, the state lends securities to broker-dealers and other entities as collateral that will be returned for the same securities in the future. One of the state's custodial banks manages the securities lending program and receives securities as collateral. The custodian is not liable for any losses unless there is negligence or willful misconduct on its part. The collateral securities cannot be pledged or sold by the state and the state receives collateral in the amount of 102 percent of the market value of the securities lent. The types of securities lent are government securities, corporate bonds and equities, and the collateral received is cash, cash equivalents, and U.S. Treasury securities. There is no restriction on the amount of securities lent. Maturities of collateral received are closely matched to the maturities of the securities lent. At September 30, 1996 the state had no outstanding credit risk. The market value of the securities lent at September 30, 1996 was \$2.363 million.

**Note 2: Change in Reporting of Funds**

*Effective for the fiscal year ended September 30, 1995:*

The Blue Water Bridge Fund, Michigan Conservation Endowment Fund, Michigan State Parks Endowment Fund and Bankrupt Self-Insured Corporations' Workers' Disability Fund #9 were added as new funds participating in the common cash fund. On December 28, 1994, the State sold the Accident Fund of Michigan. The income for the Fund reported on Schedule 3 includes revenue earned for the first three months of the fiscal year ended September 30, 1995. The State Treasurer began making investments, other than Common Cash investments, for the Game and Fish Protection Trust Fund, State Employees' Deferred Compensation I Fund and the Michigan Natural Resources Trust Fund.

*Effective for the fiscal year ended September 30, 1996:*

The Forest Development Fund and Bankrupt Self-Insured Corporations' Workers' Disability Funds #10, 11 and 12 were added as new funds participating in the Common Cash Fund. The State Treasurer began making investments, other than common cash for the Michigan State Parks Endowment Fund and Michigan Education Trust Plan II.

Schedule 2 and Schedule 3 include all funds which the State Treasurer is responsible for investing, including three component units, Michigan Higher Education Assistance Authority, Michigan Education Trust Plan I and II. Component units are legally separate government organizations.

On July 29, 1996, administration for the State Employees' Deferred Compensation Fund I (457 Plan) and the State Employees' Deferred Compensation Fund II (401(k) Plan) was transferred to the State Treasurer. Investments and investment revenues are reported on Schedules 2 and 3.

Municipal Employees' Retirement System became a public corporation on August 15, 1996. The State Treasurer continued to provide banking and payment processing services, as well as maintaining custody of investments, through September 30, 1996.

# Cash and Investments

The State Treasurer manages the state's cash so funds not needed to pay immediate obligations are invested to earn income. Investments include time certificates of deposit and prime commercial paper as detailed in Schedule 1, *State Treasurer's Common Cash - Assets and Equities*.

Statutes also allow the State Treasurer to loan funds from the common cash pool to financially troubled municipalities in Michigan and to make common cash available to Michigan farmers experiencing financial stress.

The common cash fund pools the cash balances of certain state funds until paid as provided by law. Manageable common cash includes the following funds:

- General
- School Aid
- Budget Stabilization
- Special Revenue & Enterprise
- Internal Service
- Retirement
- Trust and Agency

The State Treasurer is authorized to transfer cash on hand and on deposit among these funds to best manage the available cash, maximize short-term investment earnings and ensure that State obligations are paid when due.



## Table 1

### Investment Revenues for Fiscal Years 1987-1996 (In Thousands of Dollars)

Fiscal Year	General Fund Common Cash Earnings (Expenses) (a)	Public School Employees' Retirement	State Employees' Retirement	State Police Retirement	Judges' Retirement	Probate Judges' Retirement (b)	Other Investment Funds	Totals
1996	\$ (64,749)	\$ 1,920,689	\$ 566,269	\$ 58,602	\$ 20,361	- - -	\$ 755,603	\$ 3,256,775
1995	(67,292)	1,381,419	407,813	41,579	14,731	- - -	448,830	2,227,080
1994	(10,487)	1,112,592	328,409	33,787	12,001	- - -	396,095	1,872,397
1993	(1,176)	1,165,741	337,276	35,656	12,426	- - -	357,083	1,907,007
1992	(3,747)	814,420	244,287	26,341	8,343	\$ 1,187	332,244	1,423,076
1991	(48,853)	963,738	280,352	29,460	9,104	1,184	338,069	1,573,054
1990	(16,182)	1,040,167	307,571	32,145	9,544	1,344	348,689	1,723,278
1989	7,039	1,137,086	340,939	35,040	10,000	1,573	399,931	1,931,608
1988	(18,649)	851,650	257,853	26,322	7,357	1,146	321,636	1,447,315
1987	11,238	1,472,025	434,553	45,427	12,268	2,064	335,100	2,312,675

#### Fiscal Year Ending

	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
(a) Total State Treasurer's Common Cash Fund and General Obligation Note Retirement Fund Earnings	\$106,674	\$ 93,070	\$144,074	\$132,566	\$ 64,236	\$ 57,069	\$ 50,748	\$ 64,435	\$ 97,125	\$ 99,461
Less distribution of earnings to retirement and other funds which are reported in their earnings totals	<u>95,436</u>	<u>111,719</u>	<u>137,035</u>	<u>148,748</u>	<u>113,089</u>	<u>60,816</u>	<u>51,924</u>	<u>74,922</u>	<u>164,417</u>	<u>164,210</u>
General Fund Common Cash earnings (expenses)	<u>\$ 11,238</u>	<u>\$(18,649)</u>	<u>\$ 7,039</u>	<u>\$(16,182)</u>	<u>\$(48,853)</u>	<u>\$(3,747)</u>	<u>\$(1,176)</u>	<u>\$(10,487)</u>	<u>\$(67,292)</u>	<u>\$(64,749)</u>

(b) Effective fiscal year 1993, the Probate Judges' Retirement Fund was combined with the Judges' Retirement Fund.

## Table 2



### Statement of Actual Available Month-End Common Cash (In Millions of Dollars)

Month	General, School Aid, and Budget Stabilization Funds	Special Revenue, Enterprise, Internal Service, Retirement, Trust and Agency Funds	Manageable Common Cash (a)	Debt/Bond Funds, and Capital Projects	Total Common Cash (b)
October 1995	\$ 538.7	\$ 1,883.4	\$ 2,422.1	\$ 355.4	\$ 2,777.5
November	(4.8)	1,371.0	1,366.2	329.4	1,695.6
December	(363.6)	1,463.8	1,100.2	315.7	1,415.9
January 1996	(401.3)	1,464.3	1,063.0	306.0	1,369.0
February	(271.5)	1,577.6	1,306.1	296.8	1,602.9
March	(714.9)	1,433.4	718.5	314.7	1,033.2
April	(671.1)	1,460.0	788.9	268.3	1,057.2
May	(733.8)	1,593.0	859.2	259.0	1,118.2
June	(1,077.3)	1,447.6	370.3	252.6	622.9
July	62.5	1,500.7	1,563.2	216.1	1,779.3
August	641.6	1,483.4	2,125.0	205.0	2,330.0
September	473.4	1,686.0	2,159.4	205.2	2,364.6

(a) Manageable Common Cash includes the General, School Aid and Budget Stabilization Funds, Special Revenue, Enterprise, Internal Service, Retirement, Trust and Agency Funds, and State Building Authority Advance Financing Funds. The State Treasurer is authorized to transfer cash on hand and on deposit among these funds in such a manner as to best manage the available cash on hand.

(b) Includes Manageable Common Cash, Debt Service, Capital Projects and Bond Funds.

## Table 3



### Common Cash History (In Millions of Dollars)

Fiscal Year Ended	General, School Aid, and Budget Stabilization Funds	Special Revenue, Enterprise, Internal Service, Retirement, Trust and Agency Funds	Manageable Common Cash (a)	Debt/Bond Funds, and Capital Projects	Total Common Cash (b)
September 1987	\$ 622.1	\$ 1,218.6	\$ 1,840.7	\$ 112.3	\$ 1,953.0
September 1988	585.4	1,205.2	1,790.6	100.7	1,891.3
September 1989	709.9	1,262.7	1,972.6	62.9	2,035.5
September 1990	505.5 (c)	1,089.9	1,595.5	221.2	1,816.7
September 1991	238.5 (c)	865.7	1,104.2	125.1	1,229.3
September 1992	(21.4) (c)	1,104.9	1,083.5	520.3	1,603.7
September 1993	53.4 (c)	1,306.1	1,359.5	349.2	1,708.8
September 1994	537.9 (c)	1,664.6	2,202.5	309.8	2,512.3
September 1995	740.8	1,955.1	2,695.9	352.2	3,048.1
September 1996	473.4	1,686.0	2,159.4	205.2	2,364.6

(a) Manageable Common Cash includes the General, School Aid and Budget Stabilization Funds, Special Revenue, Enterprise, Internal Service, Retirement, Trust and Agency Funds, and State Building Authority Advance Financing Funds. The State Treasurer is authorized to transfer cash on hand and on deposit among these funds in such a manner as to best manage the available cash on hand.

(b) Includes Manageable Common Cash, Debt Service, Capital Projects and Bond Funds. Fiscal years 1987 through 1994 include Imprest Cash and/or transactions in process.

(c) General, School Aid and Budget Stabilization Funds balance includes \$16.6 million of transactions in process for 1990, \$14.1 million for 1991, \$10.8 million for 1992, \$18.6 million for 1993 and \$26.1 million for 1994.



## ***Table 4***

### **State Treasurer's Common Cash Fund Cash Balances and Transactions by Fund** (In Thousands of Dollars)

**TABLE 4 IS PROVIDED AS A SEPARATE FILE.**

# Table 4



Concluded... (In Thousands of Dollars)

# Table 5



## Demand Depositories as of September 30, 1996 (In Thousands of Dollars)

City	Depository Bank	Deposits (a)	City	Depository Bank	Deposits (a)
Adrian	Adrian State Bank	\$ 122	Hale	North Bank	\$ 112
	Bank of Lenawee	102	Hancock	Superior National Bank and Trust	88
Algonac	Algonac Savings Bank	9	Hart	FMB Oceana Bank	15
Alma	Bank of Alma	100	Hastings	Hastings City Bank	2
Ann Arbor	Key Bank, N.A.	16		National Bank of Hastings	142
			Hillsdale	Hillsdale County National Bank	55
Bad Axe	Signature Bank	27	Houghton	Houghton National Bank	13
Baldwin	Lake Osceola State Bank	95	Howell	First National Bank	83
Bay City	Chemical Bank Bay Area	71			
Benton Harbor	Inter-City Bank	253	Ionia	Independent Bank	19
Beulah	Central State Bank	29		Ionia County National Bank	75
Big Rapids	Chemical Bank Central	25	Iron Mountain	First National Bank of Iron Mountain	29
			Iron River	MFC First National Bank	23
Cadillac	Chemical Bank - West	31		Miners' State Bank of Iron River	23
Caro	Chemical Bank - Thumb Area	75	Ishpeming	Peninsula National Bank	18
Charlevoix	CB North	22	Ithaca	Commercial National Bank	24
Cheboygan	Citizens National Bank	60			
Chelsea	Chelsea State Bank	54	Jackson	City Bank and Trust Company	387
Clare	Chemical Bank Michigan	45			
Coldwater	Century Bank and Trust	93	Kalamazoo	First of America Bank	6,460
	Southern Michigan National Bank	47		Arcadia Bank and Trust	2
Croswell	Eastern Michigan Bank	23	L'Anse	Commercial National Bank	27
Crystal Falls	First National Bank of Crystal Falls	67	Lansing	Michigan National Bank	2,705
				Michigan National Bank - EFT Acct.	235
				Michigan National - 1040Q Acct.	1,702
				Michigan National Bank - DNR EFT	148
Detroit	Comerica Bank - Detroit	3,651		Lapeer County Bank and Trust	72
	First Independence National Bank	2	Lapeer		
	NBD Bank, N.A.	136,581	Manistee	FMB - Security National Bank	37
Dowagiac	FMB - Community Bank	24	Manistique	First Northern Bank and Trust	160
				State Savings Bank	22
East Pointe	First State Bank	154	Marquette	MFC First National Bank	106
East Jordan	FMB - Northwest Bank	93	Marshall	Chemical Bank South	73
East Tawas	Huron Community Bank	85	Mason	Mason State Bank	109
Escanaba	MFC First National Bank and Trust	99	Menominee	First National Bank and Trust	12
	Northern Michigan Savings Bank	21	Midland	Chemical Bank - Central	127
	State Bank of Escanaba	45	Monroe	Monroe Bank and Trust	340
			Mt. Pleasant	Isabella Bank and Trust	18
Fenton	The State Bank	87	Munising	Peoples State Bank of Munising	69
Flint	Citizens Banking Corporation	939	Muskegon	FMB Bank - Lumberman's Bank	45
Fremont	Old State Bank of Fremont	2			
			Negaunee	First National Bank	41
Gladstone	Bay Bank	3	Norway	First National Bank	25
	First Bank - Upper Michigan	3			
Grand Rapids	Old Kent Bank	3,559	Ontonagon	Citizens State Bank	30
Grayling	Chemical Bank North	82		First National Bank	9
			Owosso	Chemical Bank - Key State	61



# Table 5



**Concluded...** (In Thousands of Dollars)

City	Depository Bank	Deposits (a)	City	Depository Bank	Deposits (a)
Port Austin	Port Austin State Bank	\$ 15	Sparta	Choice One	\$ 118
Reed City	FMB - Reed City Bank	47	Stanton	Chemical Bank - Montcalm	68
Rockford	Independent Bank - West Michigan	49	Stockbridge	Stockbridge State Bank	5
Rogers City	Huron National Bank	10	Taylor	Charter National Bank	91
St. Charles	Community State Bank of St. Charles	61	Three Rivers	First National Bank	40
St. Ignace	First National Bank of St. Ignace	951	Traverse City	Empire National Bank	44
St. Johns	City Bank and Trust	73	Troy	Huntington Banks of Michigan	323
St. Joseph	Pinnacle Bank	27		Midwest Guaranty Bank	2
Sault Ste. Marie	Central Savings Bank	9		Standard Federal Bank	3
	Sault Bank	121	Wakefield	First National Bank	2
	Soo Co-Op Credit Union	7	West Branch	Bank of West Branch	48
Shelby	Shelby State Bank	30	Zeeland	FMB First Michigan Bank	201
				<b>Total</b>	<b>\$ 162,885</b>

(a) Deposits represent the account balance reported on bank statements and include deposits which are in the process of being collected through the banking system. Deposits are rounded to the nearest thousand and are secured by \$332 million of collateral.

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## ***Bonds, Notes and Taxes***

# Bonds & Notes

The Michigan Constitution limits state general obligation debt to (i) short-term debt for State operating purposes, (ii) short and long-term debt for the purpose of making loans to school districts, and (iii) long-term debt for voter approved purposes.

Short-term debt for operating purposes is limited to an amount not in excess of 15 percent of undedicated revenues received during the preceding fiscal year. Under the Michigan Constitution as implemented by statutory provisions, such debt must be authorized by the State Administrative Board and issued only to meet obligations incurred pursuant to appropriation and must be repaid during the fiscal year in which incurred. Such debt does not require voter approval.

The amount of debt incurred by the state for the purposes of making loans to school districts is recommended by the State Treasurer, who certifies the amounts necessary for loans to school districts for the ensuing two calendar years. The bonds may be issued in whatever amount is required without voter approval. All other general obligation bonds issued by the State must be approved as to amount, purpose and method of payment by a two-thirds vote of each house of the Legislature and by a majority vote of the public at a general election. There is no limitation as to number or size of such general obligation issues.

## General Obligation Debt

All current general obligation bond and note issues are presented in Table 6, *General Obligation Debt, Bond and Note Payments*, below. During fiscal 1996, the State did not issue any general obligation long-term debt. The State issued \$900 million of short-term debt which was repaid in September, 1996.

## Special Authority Revenue Bond Debt

Certain governmental authorities issue revenue bonds for construction projects and to acquire or build facilities for the State or its institutions of higher learning. These bonds, as shown in Table 7, *Special Authority Revenue Bond Debt*, are obligations of the individual authorities and are not direct general obligations of the State.

## Special Revenue Debt

The state periodically issues long-term bonds for specific purposes, as presented in Table 12, *Special Revenue Debt Bond and Note Payments*, on page 24. These issues are not supported by the state's general credit, and their financing comes strictly from the designated revenue sources.



## Table 6

### General Obligation Debt, Bond and Note Payments (In Thousands of Dollars)

Item		Issue Date	Maturity Dates	New Issues	Principal Payments	Interest Payments *	Outstanding Principal as of 9-30-96
School Loan Notes and Bonds (a)	Series 1995	1995	1996-2015	\$ -0-	\$ -0-	\$ 8,842	\$ 180,000
Water Resources Bonds (b)	Series III	1971	1979-1999	-0-	2,000	4	6,000
	Series IV	1971	1973-1999	-0-	2,000	240	6,000
	Series VI	1972	1974-1998	-0-	1,000	100	2,000
Environmental Protection (c)	Series 1989 (d)	1989	1994-2019	-0-	3,743	1,471	37,364
	Series 1992 (e)	1992	2005-2012	-0-	-0-	5,182	103,013
	Great Lakes Protection	1989	1990-1996	-0-	4,070	286	4,365
	Water Pollution 1992	1992	1994-2012	-0-	620	804	12,710
	Water Pollution 1993	1993	1995-2013	-0-	620	818	16,050
	Series 1995	1995	1996-2019	-0-	-0-	9,152	204,321
Recreation (f)	Series 1992	1992	1993-2004	-0-	6,970	4,790	83,160
	Series 1995	1995	1996-2019	-0-	-0-	1,447	30,000
General Obligation Notes (g)		1996	1996	900,000	900,000	22,000	-0-
Total General Obligation Debt				<u>\$ 900,000</u>	<u>\$ 921,025</u>	<u>\$ 55,136</u>	<u>\$ 684,983</u>

- (a) Article Nine of the Constitution of the State of Michigan provides that the State may borrow from time to time such amounts as shall be required for the purpose of making loans to school districts. Requirements are established biennially, and general obligation debt is issued as needed.
- (b) P.A. 76 of 1968, provided for the issuance of \$335 million General Obligation Bonds, of which all have been issued. Series I, II, V, VII and VIII have been retired.
- (c) Outstanding principal does not include the Home Ownership Savings Trust ("HOST") Bonds issued as Environmental Protection General Obligation Bonds after September 30, 1990. These variable rate bonds were issued on a monthly basis over a five year period. October 1995 was the last month HOST Bonds could be purchased. As of October 31, 1996, \$945,151 in principal has been issued and \$773,925 has been redeemed.
- (d) \$23,243,692 was advance refunded in June 1995 through General Obligation Bonds, Series 1995. As of September 30, 1996, no principal has been paid out, leaving an escrowed principal liability of \$23,243,692. Interest paid for fiscal year 1996 was \$1,286,196.
- (e) \$43,820,000 was advance refunded in June 1995 through General Obligation Bonds, Series 1995. No principal has been paid out, leaving an escrowed principal liability as of September 30, 1996 of \$43,820,000. Interest paid for fiscal year 1996 was \$2,738,750. Outstanding principal includes \$493,774 in College Savers Minibonds but does not include redemptions of \$4,700 as of September 30, 1996.
- (f) P.A. 329 of 1988, provided for the issuance of \$140 million General Obligation Bonds, all of which have been issued.
- (g) General Obligation Notes. The State Constitution limits the principal amount of all such notes issued in a particular fiscal year to an amount not in excess of 15 percent of the undedicated revenues received by the state in the preceding fiscal year. The notes must be repaid in the fiscal year in which incurred.

\* Interest payments do not include premium.

# Table 7



## Special Authority Revenue Bond Debt (In Thousands of Dollars)

Item (a)	New Issues	Principal Payments	Interest Payments	Outstanding Principal As of 9-30-96
<b>Special Authority Revenue Bond (a)</b>				
International Bridge Authority	\$ -0-	\$ 1,945	\$ 3,102	\$ 5,905
Mackinac State Park	-0-	105	152	2,520 *
Michigan State Housing Development Authority (b)	216,083	214,744	121,748	1,987,286
Michigan State Hospital Finance Authority (c)	632,060	322,762	249,669	2,777,024 *
Michigan Higher Education Facilities Authority	38,980	11,225	9,798	179,135
Michigan Higher Education Student Loan Authority	135,950	68,465	29,676	625,424
Michigan Municipal Bond Authority	470,559	571,575	51,580	1,368,035
Michigan State Building Authority (d)	109,905	85,430	78,228	1,478,896 *
Michigan Strategic Fund	261,685	151,372	N/A	1,991,591 *
Michigan Underground Storage Tank Financial Assurance Authority (e)	216,600	206,100	4,765	216,600
Michigan Family Farm Development Authority	-0-	184	N/A	1,659
<b>Total Special Authority Debt</b>	<b>\$ 2,081,822</b>	<b>\$ 1,633,907</b>	<b>\$ 548,718</b>	<b>\$ 10,634,075</b>

\* All or part of the principal amount not presented, and not represented in the totals due to the advance refunding of all or part of this obligation.

(a) Not administered by Department of Treasury. Information in the table is provided by each Authority.

(b) The new issues include \$208,065,000 of new bond issues plus \$8,018,260 of capital appreciation for the fiscal year.

(c) Balance includes \$2,650,924,183 in bonds and \$126,100,000 in Hospital Equipment Loan Program notes (HELP). Balance does not include MSHFA obligations that have been advance refunded. In FY 1996, net escrow payment activity was \$260,853,971, leaving an escrowed principal liability as of 9-30-96 of \$725,275,925.

(d) Balance includes accreted value at year-end on outstanding Capital Appreciation Bonds. Balance does not include \$1,234.4 million in SBA obligations that have been advance refunded. In FY 1996, \$66.7 million in principal was paid out of escrow, leaving an escrowed principal liability as of 9-30-96 of \$577.1 million. Also, outstanding principal balance does not include commercial paper notes issued by the Authority. As of September 30, 1996, \$235.2 million of commercial paper notes was outstanding.

(e) Outstanding principal balance does not include notes issued under the Authority's tax-exempt commercial paper program issued during fiscal year 1995-96. As of September 30, 1996, \$86,351,000 was outstanding and interest paid during the fiscal year was \$834,687.

# Table 8



## General Obligation Bond Payment Schedule (a) (In Thousands of Dollars)

For Period Ended September 30,	Principal	Interest	Total
1997	\$ 29,799	\$ 34,124	\$ 63,923
1998	31,104	32,655	63,759
1999	30,990	32,627	63,617
2000	33,075	34,728	67,803
2001	28,837	32,127	60,964
2002	29,871	31,078	60,949
2003	31,611	29,717	61,328
2004	32,761	28,503	61,264
2005	34,178	27,015	61,193
2006	35,888	24,035	59,923
2007	33,455	24,708	58,163
2008	36,404	21,722	58,126
2009	35,312	22,807	58,119
2010	36,134	21,327	57,461
2011	41,641	15,169	56,810
2012 (b)	40,248	16,114	56,362
2013	41,740	6,870	48,610
2014	20,870	5,070	25,940
2015	21,030	3,895	24,925
2016	22,560	2,662	25,222
2017	8,665	1,790	10,455
2018	9,075	1,311	10,386
2019	9,590	807	10,397
2020	10,145	274	10,419
	<u>\$ 684,983</u>	<u>\$ 451,135</u>	<u>\$ 1,136,118</u>

- (a) Does not include the Home Ownership Savings Trust (HOST) Bonds issued as Environmental Protection general obligation bonds after September 30, 1990. These variable rate bonds were issued on a monthly basis over a five-year period. October 1995 was the last month HOST bonds could be purchased. As of October 31, 1996, \$945,151 in principal has been issued and \$773,925 has been redeemed.
- (b) Does not include principal redemption of \$4,700 in College Savers Minibonds.



# Table 9

## Bonds and Notes Payable by Fiscal Year (In Thousands of Dollars)

Item	Outstanding on September 30				
	1992	1993	1994	1995	1996
<b>GENERAL OBLIGATION DEBT</b>					
School Loans	\$ 11,800	\$ 34,600	\$ 55,800	\$ 180,000	\$ 180,000
Water Resources	52,000	39,000	29,000	19,000	14,000
Environmental Protection	230,891	241,536	254,669	386,876	377,823 *
Recreation	108,243	105,677	98,570	120,130	113,160
<b>Total General Obligation Debt</b>	<u>\$ 402,934</u>	<u>\$ 420,813</u>	<u>\$ 438,039</u>	<u>\$ 706,006</u>	<u>\$ 684,983</u>
<b>NON-GENERAL OBLIGATION DEBT</b>					
Michigan Department of Transportation Tax Dedicated Bonds	\$ 780,207	\$ 763,532	\$ 903,467	\$ 888,058	\$ 854,196 *
Department of Natural Resources State Park Revenue Bonds	3,495	-0-	-0-	-0-	-0-
Public Building Corporation Bonds State Office Building Corporation (Mason Building)	66	-0-	-0-	-0-	-0-
Special Authorities-Revenue Bonds and Notes					
International Bridge Authority	7,850	7,850	7,850	7,850	5,905
Mackinac State Park	1,450	2,715	2,715	2,625	2,520 *
Michigan State Housing Development Authority	2,516,248	2,034,564	1,976,474	1,985,947	1,987,286
Michigan State Hospital Finance Authority	2,091,976	2,147,718	2,302,978	2,467,726	2,777,024 *
Michigan Higher Education Facilities Authority	65,319	80,940	115,035	151,380	179,135
Michigan Higher Education Student Loan Authority	376,025	528,500	531,280	557,939	625,424
Michigan Municipal Bond Authority	968,659	1,066,476	1,403,937	1,469,051	1,368,035
Michigan State Building Authority (a)	1,490,815	1,453,140	1,494,439	1,453,388	1,478,896 *
Michigan Strategic Fund	1,572,334	1,577,423	1,687,310	1,881,278	1,991,591 *
Michigan Underground Storage Tank Financial Assurance Authority	-0-	-0-	-0-	206,100	216,600
Michigan Family Farm Development Authority	2,950	2,663	2,516	1,843	1,659
<b>Total Non-General Obligation Debt</b>	<u>\$ 9,877,394</u>	<u>\$ 9,665,521</u>	<u>\$ 10,428,001</u>	<u>\$ 11,073,185</u>	<u>\$ 11,488,271</u>

\* All or part of the principal amount not presented, and not represented in the totals due to the advance refunding of all or part of this obligation.

(a) The 1994 balance has been restated to reflect the accreted value only through year-end on outstanding Capital Appreciation Bonds.

# Table 10



## Gross Outstanding Interior Debt-Local Government Units (In Thousands of Dollars)

Item	Outstanding on September 30				
	1991	1992	1993	1994	1995 (b)
<b>COUNTY BONDS AND NOTES (a)</b>					
General Obligation	\$ 1,633,826	\$ 1,631,541	\$ 1,573,923	\$ 1,662,910	\$ 1,757,726
Special Assessment	474	393	310	263	877
Transportation Fund	78,107	73,511	69,630	66,025	57,630
Revenue	501,270	494,252	481,128	423,116	455,575
Industrial Revenue	887,275	804,610	787,585	948,358	981,630
Emergency Loan	71,214	71,214	57,123	43,033	28,943
<b>Total County Bonds and Notes</b>	<b>\$ 3,172,166</b>	<b>\$ 3,075,521</b>	<b>\$ 2,969,699</b>	<b>\$ 3,143,705</b>	<b>\$ 3,282,381</b>
<b>CITY AND VILLAGE BONDS</b>					
General Obligation	\$ 1,066,480	\$ 1,183,887	\$ 1,194,313	\$ 1,245,635	\$ 1,338,245
Special Assessment	94,617	88,722	87,942	88,645	91,286
Transportation Fund	79,638	87,797	99,340	105,018	122,229
Revenue	1,484,792	1,756,123	2,007,099	2,091,150	2,117,191
Industrial Revenue	346,388	269,368	248,037	272,222	180,253
Emergency Loan	12,855	9,125	4,888	4,604	3,972
<b>Total City and Village Bonds</b>	<b>\$ 3,084,770</b>	<b>\$ 3,395,022</b>	<b>\$ 3,641,619</b>	<b>\$ 3,807,274</b>	<b>\$ 3,853,176</b>
<b>TOWNSHIP BONDS</b>					
General Obligation	\$ 49,766	\$ 44,889	\$ 42,022	\$ 56,182	\$ 54,827
Special Assessment	94,064	92,420	90,777	105,310	115,995
Revenue	44,989	50,611	60,878	80,378	78,184
Industrial Revenue	148,359	116,781	106,786	95,617	91,918
<b>Total Township Bonds</b>	<b>\$ 337,178</b>	<b>\$ 304,701</b>	<b>\$ 300,463</b>	<b>\$ 337,487</b>	<b>\$ 340,924</b>
<b>AUTHORITY BONDS</b>					
County Authorities	\$ 364,656	\$ 442,803	\$ 445,599	\$ 471,207	\$ 466,688
City and Village Authorities	1,314,461	1,544,005	1,576,549	1,553,422	1,722,396
Township Authorities	68,238	86,412	95,942	85,371	119,385
Joint Authorities	242,773	285,155	297,394	278,705	280,950
Local Hospital Authorities	912,755	1,135,939	1,119,296	1,234,779	1,231,716
Library Districts	-0-	-0-	6,685	15,365	19,141
Public Power Agencies	674,320	649,555	558,630	551,030	543,260
<b>Total Authority Bonds</b>	<b>\$ 3,577,203</b>	<b>\$ 4,143,869</b>	<b>\$ 4,100,095</b>	<b>\$ 4,189,879</b>	<b>\$ 4,383,536</b>
<b>SCHOOL DISTRICT BONDS AND ENERGY NOTES</b>					
Qualified	\$ 2,933,718	\$ 3,385,014	\$ 3,668,086	\$ 3,818,144	\$ 4,489,775
Not Qualified	677,390	768,074	815,509	957,591	1,046,982
Revenue	108	74	658	600	580
<b>Total School District Bonds</b>	<b>\$ 3,611,216</b>	<b>\$ 4,153,162</b>	<b>\$ 4,484,253</b>	<b>\$ 4,776,335</b>	<b>\$ 5,537,337</b>
<b>COMMUNITY COLLEGE BONDS</b>					
	\$ 172,498	\$ 229,411	\$ 191,114	\$ 242,609	\$ 223,140
<b>INTERMEDIATE SCHOOL DISTRICT BONDS</b>					
	\$ 21,153	\$ 20,815	\$ 19,653	\$ 18,719	\$ 21,563
<b>TOTAL DEBT</b>	<b>\$ 13,976,184</b>	<b>\$ 15,322,501</b>	<b>\$ 15,706,896</b>	<b>\$ 16,516,008</b>	<b>\$ 17,642,057</b>

(a) Excludes County Delinquent Tax Notes.

(b) 1996 figures for Table 10 are not available.

Source: Municipal Advisory Council

# Table 11



## Local Government Unit Bonds and Notes (In Thousands of Dollars)

Item (a)	1992		1993		1994		1995		1996	
	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount
<b>SCHOOLS</b>										
Notes	240	\$ 348,378	247	\$ 492,594	291	\$ 654,978	230	\$ 404,221	248	\$ 342,006
Bonds	164	1,472,883	148	1,642,294	121	1,169,408	96	1,347,477	152	2,332,328
Community College Bonds and Notes	10	56,770	10	61,165	9	86,805	3	9,900	5	49,325
Energy Conservation Bonds and Notes	8	5,089	13	6,309	4	1,442	5	2,261	25	23,122
Other (b)	33	-0-	22	-0-	16	-0-	6	452	29	735
<b>Totals</b>	<b>455</b>	<b>\$ 1,883,120</b>	<b>440</b>	<b>\$ 2,202,362</b>	<b>441</b>	<b>\$ 1,912,633</b>	<b>340</b>	<b>\$ 1,764,312</b>	<b>459</b>	<b>\$ 2,747,516</b>
<b>MUNICIPALITIES</b>										
Tax Notes	91	\$ 596,853	84	\$ 549,408	89	\$ 640,506	63	\$ 396,749	60	\$ 329,668
Special Assessment Bonds	61	35,041	66	32,554	60	66,955	65	40,689	58	47,593
General Obligation Bonds	149	556,103	192	715,260	166	783,400	182	1,015,038	132	661,916
Revenue Bonds	98	1,396,840(c)	86	1,754,224 (d)	91	1,117,986 (e)	63	263,901 (f)	95	2,020,019 (g)
Drain Bonds (Act 40)	10	27,840	28	65,495	33	155,838	21	54,020	15	27,275
Transportation Fund Bonds (Act 51)	3	1,840	6	7,880	2	4,050	-0-	-0-	-0-	-0-
Transportation Fund Bonds (Act 143)	3	4,500	5	6,375	4	7,640	3	4,140	5	2,710
Transportation Fund Bonds (Act 175)	11	12,770	19	27,300	17	18,500	21	30,409	18	25,658
Water and Sewer Bonds (Act 185)	16	19,185	35	81,930	41	171,640	30	117,850	31	112,790
Water and Sewer Bonds (Act 342)	14	68,730	13	24,560	28	96,020	11	23,610	12	55,688
Michigan and Michigan Authority (Bonds)	38	3,374,295	16	6,794,386	30	1,495,316	24	2,217,370	28	2,663,500
Michigan and Michigan Authority (Notes)	1	5,000	4	1,265,000	2	245,000	2	290,000	1	300,000
Miscellaneous Bonds and Notes	18	335,117	11	67,507	16	140,579	15	15,917	18	557,968
Other	71	-0-	9	-0-	4	-0-	3	188	3	341
<b>Totals</b>	<b>584</b>	<b>\$ 6,434,114</b>	<b>574</b>	<b>\$ 11,391,879</b>	<b>583</b>	<b>\$ 4,943,430</b>	<b>503</b>	<b>\$ 4,469,881</b>	<b>476</b>	<b>6,805,126</b>
<b>GRAND TOTAL</b>	<b>1,039</b>	<b>\$ 8,317,234</b>	<b>1,014</b>	<b>\$ 13,594,241</b>	<b>1,024</b>	<b>\$ 6,856,063</b>	<b>843</b>	<b>\$ 6,234,193</b>	<b>935 (h)</b>	<b>\$ 9,552,642</b>

- (a) Figures reflect approvals granted as of September 30 of the respective year. Approved issues may or may not have been sold by the unit of local government.  
 (b) Includes transfer of debt service funds remaining after final maturity of original debt; use of excess bond proceeds and derivative products.  
 (c) Includes 1 issue totaling \$2,600 thousand of Industrial Revenue Bonds.  
 (d) Includes no issues of Industrial Revenue Bonds.  
 (e) Includes 1 issue totaling \$2,000 thousand of Industrial Revenue Bonds.  
 (f) Includes 1 issue totaling \$1,800 thousand of Industrial Revenue Bonds.  
 (g) Includes 1 issue totaling \$1,500 thousand of Industrial Revenue Bonds.  
 (h) Includes 179 Prior Approval Orders issued and 756 Exception from Prior Approval Orders issued.



# Table 12

## Special Revenue Debt Bond and Note Payments (In Thousands of Dollars)

Item	Issue Date	Maturity Dates	Amount Issued	Principal Payments	Interest Payments	Outstanding Principal as of 9-30-96
Michigan Department of Transportation Tax Dedicated Bonds Michigan Comprehensive Transportation:	Series 1985 RF. SR. 1986-I RF. SR. 1986-II RF. SR. 1988-I RF. SR. 1988-II Series 1992-A RF. SR. 1992-B	1985 1986 1986 2009 1988 2022 2011	\$ 57,830 28,555 75,030 73,155 31,992 37,655 127,310	\$ 795 3,410 1,640 -0- 2,190 645 540	\$ 1,305 239 1,053 822 1,121 2,085 7,224	\$ 2,605 * -0- 16,420 * 12,265 * 27,072 37,010 126,770
State Trunkline Fund:	RF. SR. 1986-I RF. SR. 1986-II Series 1989-A Series 1992-A RF. SR. 1992-B I & II Series 1994-A RF. SR. 1994-B	1986 1986 1989 2021 2021 2024 2002	80,110 25,540 135,780 253,618 99,592 150,000 90,990	13,005 4,960 3,030 -0- -0- 2,050 1,595	889 337 2,141 12,314 5,283 8,349 4,233	-0- * -0- * 42,580 * 253,618 99,592 147,950 88,315
<b>Total Special Revenue Debt</b>				<b>\$ 33,860</b>	<b>\$ 47,395</b>	<b>\$ 854,197</b>

\* All or part of the principal amount not presented and not represented in the totals due to the advance refunding of all or part of this obligation. The table below summarizes the advance refunding activity by issue.

Series	Advanced Refunded From Series	Amount Refunded	FY 96 Paid from Escrow		FY 96 Escrow Balance
			Principal	Interest	
Comprehensive Transportation: A (1979) 1985 1986-II 1988-I	1986-I 1988-II & 1992B 1992B 1992B	\$ 27,100 27,176 45,705 60,890	\$ 3,400 -0- 45,705 -0-	\$ 255 -0- 2,660 4,549	\$ -0- 6,091 -0- 60,890
Trunkline Transportation: 1986-I 1986-II 1989-A	1992-B & 1994-B 1992-B & 1994-B 1992-B & 1994-B	51,315 17,530 90,170	44,815 17,070 525	2,511 1,571 5,803	-0- -0- 83,160
<b>Totals</b>			<b>\$ 111,515</b>	<b>\$ 17,349</b>	<b>\$ 150,141</b>



# State Tax Collections

State taxes and fees totalling \$17,211,695,000 were collected during fiscal 1996, which is an increase of 3.2 percent over the previous year.

During fiscal year 1994 a number of changes were enacted to tax rates including reducing individual income tax rate from 4.6 percent to 4.4 percent, increasing sales and use tax rate from 4 percent to 6 percent, increasing cigarette levy from \$.25 to \$.75 per pack, levy of a statewide property tax at 6 mills and a .75

percent real estate transfer tax. Fiscal year 1995 was the first year these changes were in effect for a full 12 months.

Major tax collections for fiscal 1996 and the previous four years are detailed in Table 13, *Taxes and Fees Collected*, below. Table 14, *Michigan State Taxes*, identifies all Michigan taxes and gives administrative information about each.



## Table 13

### Taxes and Fees Collected (In Thousands of Dollars)

Type of Revenue	10-1-91 to 9-30-92	10-1-92 to 9-30-93	10-1-93 to 9-30-94	10-1-94 to 9-30-95	10-1-95 to 9-30-96
<b>Income Tax: (a)</b>					
Withholding Tax	\$ 4,414,389	\$ 4,674,861	\$ 5,015,073	\$ 5,263,644	\$ 5,461,771
Individual Income Tax	323,795	321,806	333,145	470,067	387,202
Individual Income Tax Estimates	414,174	437,134	454,614	470,685	528,312
Individual Income Tax Penalty and Interest	17,057	20,315	20,012	18,136	24,504
Gross Individual Income Tax Collections	5,169,415	5,454,116	5,822,844	6,222,532	6,401,789
Tax Refunds and Tax Credits (b)	(1,249,401)	(1,270,400)	(1,409,974)	(975,300)	(1,036,053)
<b>Net Individual Income Tax</b>	<b>\$ 3,920,014</b>	<b>\$ 4,183,716</b>	<b>\$ 4,412,870</b>	<b>\$ 5,247,232</b>	<b>\$ 5,365,736</b>
<b>Single Business Tax</b>	<b>\$ 1,724,957</b>	<b>\$ 1,875,951</b>	<b>\$ 2,075,470</b>	<b>\$ 2,283,434</b>	<b>\$ 2,263,546</b>
Single Business Tax Penalty and Interest	39,151	50,761	50,389	47,859	40,844
Gross Single Business Tax	1,764,108	1,926,712	2,125,859	2,331,293	2,304,390
Tax Refunds	(183,651)	(143,171)	(109,312)	(115,156)	(140,677)
<b>Net Single Business Tax</b>	<b>\$ 1,580,457</b>	<b>\$ 1,783,541</b>	<b>\$ 2,016,547</b>	<b>\$ 2,216,137</b>	<b>\$ 2,163,713</b>
<b>Motor Fuel Taxes</b>	<b>\$ 708,939</b>	<b>\$ 745,982</b>	<b>\$ 762,262</b>	<b>\$ 777,218</b>	<b>\$ 775,414</b>
<b>Sales Tax (c)</b>	<b>2,724,097</b>	<b>2,963,666</b>	<b>3,671,357</b>	<b>4,873,983</b>	<b>5,189,633</b>
<b>Use Tax (c)</b>	<b>481,182</b>	<b>544,881</b>	<b>701,069</b>	<b>936,455</b>	<b>1,033,921</b>
<b>Sales, Use, Withholding Penalty and Interest</b>	<b>31,935</b>	<b>33,737</b>	<b>41,716</b>	<b>42,350</b>	<b>70,237</b>
<b>Cigarette Tax (d)</b>	<b>245,539</b>	<b>244,586</b>	<b>363,118</b>	<b>610,491</b>	<b>573,185</b>
<b>Other Tobacco Products Tax (d)</b>	<b>---</b>	<b>---</b>	<b>3,050</b>	<b>10,343</b>	<b>10,917</b>
<b>Intangibles Tax</b>	<b>117,829</b>	<b>115,438</b>	<b>124,339</b>	<b>133,811</b>	<b>69,571</b>
<b>Inheritance Tax (e)</b>	<b>185,936</b>	<b>173,488</b>	<b>47,193</b>	<b>3,728</b>	<b>3,960</b>
<b>Estate Tax (e)</b>	<b>---</b>	<b>---</b>	<b>15,828</b>	<b>81,100</b>	<b>84,210</b>
<b>Public Utility Property Tax (f)</b>	<b>146,897</b>	<b>206,844</b>	<b>127,075</b>	<b>128,066</b>	<b>137,748</b>
<b>Gas and Oil Severance Tax</b>	<b>41,636</b>	<b>40,033</b>	<b>32,706</b>	<b>29,038</b>	<b>36,296</b>
<b>Gas and Oil Fee</b>	<b>5,660</b>	<b>6,231</b>	<b>6,327</b>	<b>5,018</b>	<b>6,377</b>
<b>Industrial Facilities Tax</b>	<b>54,733</b>	<b>58,221</b>	<b>50,615</b>	<b>109,128</b>	<b>125,723</b>
<b>Convention Facility Tax</b>	<b>9,562</b>	<b>10,270</b>	<b>11,226</b>	<b>12,213</b>	<b>13,370</b>
<b>Underground Regulatory Fee</b>	<b>51,834</b>	<b>51,236</b>	<b>57,632</b>	<b>54,058</b>	<b>57,491</b>
<b>Insurance-Retaliatory Tax</b>	<b>180,539</b>	<b>170,542</b>	<b>185,339</b>	<b>205,505</b>	<b>205,694</b>
<b>State Education Tax (g)</b>	<b>---</b>	<b>---</b>	<b>155,555</b>	<b>1,074,361</b>	<b>1,087,864</b>
<b>Real Estate Transfer Tax (h)</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>63,474</b>	<b>156,824</b>
<b>Other Taxes and Fees (i)</b>	<b>74,379</b>	<b>101,099</b>	<b>75,799</b>	<b>71,255</b>	<b>43,811</b>
<b>TOTAL</b>	<b>\$ 10,561,168</b>	<b>\$ 11,433,511</b>	<b>\$ 12,861,623</b>	<b>\$ 16,684,964</b>	<b>\$ 17,211,695</b>

(a) Effective May 1, 1994, the Individual Income Tax rate decreased from 4.6 percent to 4.4 percent.

(b) Home Heating Credits subsequently reimbursed by the Federal Government are as follows: FY 1992 \$8.2 million, FY 1993 \$6.9 million, FY 1994 \$8.7 million, FY 1995 \$11.1 million and FY 1996 \$4.3 million. Home Heating drafts funded by the Federal Government are not included in the reported Tax Refunds and Tax Credits. Federally funded home heating drafts were \$52.3 million in FY 1992, \$59.6 million in FY 1993, \$61.1 million in FY 1994, \$56.1 million in FY 1995 and \$24.6 million in FY 1996.

(c) Effective May 1, 1994, the Sales Tax rate and the Use Tax rate increased from 4 percent to 6 percent.

(d) Effective May 1, 1994, the Cigarette Tax levy was increased from \$.25 per pack to \$.75 per pack and a 16 percent tax was levied on all non-cigarette tobacco products.

(e) Public Act 54 of 1993 replaced the Inheritance Tax for dates of death after September 30, 1993 with the Estate Tax.

(f) The large FY 1992 to FY 1993 increase reflects a change in the timing of payments of the tax and did not affect revenues.

(g) Public Act 331 of 1993 established a statewide property tax of 6 mills on all property not exempt by law.

(h) Public Act 330 of 1993 established a transfer tax on the transfer of all real property of \$3.75 per \$500.

(i) Includes Circuit Court, Probate Court and District Court Fees, Escheated Personal Property, Commercial Facilities Tax, State Housing Development Service, Commercial Forest Tax, Trailer Coach Parks Tax and Airport Parking Tax.

# Table 14



## Michigan State Taxes (In Thousands of Dollars)

Tax Source	Year Adopted	Administered by Department of	Payment Deadline (a)	Net Cash Receipts 10-1-95 to 9-30-96	Disposition
Aircraft Registration	1923	Transportation	August 1	\$ 244	State Aeronautics Fund
Airport Parking	1987	TREASURY	15th of each month	12,067	Local Units
Aviation Fuel	1929	TREASURY	20th of each month	8,020	State Aeronautics Fund
Beer and Wine Excise	1933	Commerce	Monthly reports and/or stamps	48,833	General Fund
Cigarette	1947	TREASURY	20th of each month	573,185	63.4% to School Aid Fund, 26.6% to General Fund, 10% to Local Units
Other Tobacco Products	1994	TREASURY	20th of each month	10,917	94% to School Aid Fund, 6% to Local Units
Commercial Facilities	1978	TREASURY	December 1	971	Local Units and School Aid Fund
Convention Facility Development	1985	TREASURY	15th of each month	13,370	Debt Service for Cobo Hall Expansion
Corporate Organization	1891	Commerce	At time of incorporation, admission or increase in stock	9,583	General Fund
Diesel Fuel	1947	TREASURY	20th of each month	72,176	Michigan Transportation Fund
Diesel Fuel Dealer License	1951	TREASURY	January 1	32	Michigan Transportation Fund
Estate	1994	TREASURY	Within 105 days after death, except contingent transfers-due at vesting	84,210	General Fund
Gas and Oil Privilege	1973	TREASURY	25th of each month	6,377	General Fund
Gas and Oil Severance	1929	TREASURY	25th of each month	36,296	General Fund
Gasoline	1925	TREASURY	20th of each month	689,583	Michigan Transportation Fund
Horse Race Wagering	1933	Agriculture	At end of each day's racing	8,522	18 % restricted for programs and the remainder to General Fund
Individual Income	1967	TREASURY	April 15	5,365,736	General Fund with approximately 5.9% of gross to Local Units
Industrial Facilities	1974	TREASURY	December 1	125,723	Local Units and School Aid
Inheritance	1899	TREASURY	Within 105 days after death, except contingent transfers-due at vesting	3,960	General Fund
Insurance Company Retaliatory	1987	TREASURY	Last day of March, June, September and December	205,694	General Fund
Intangibles	1939	TREASURY	April 30, or last day of 4th month after fiscal year close	69,571	General Fund
Liquified Petroleum Gas	1953	TREASURY	20th of each month	1,067	Michigan Transportation Fund
Liquor Excise - 4%	1957	Commerce	At time of sale by state liquor stores	22,641	School Aid Fund
Liquor Specific - 4%	1959	Commerce	At time of sale by state liquor stores	23,247	General Fund
Liquor Specific - 1.85%	1972	Commerce	At time of sale by state liquor stores	8,039	Liquor Purchase Revolving Fund
Liquor - Tourism and Convention Facilities	1985	Commerce	At time of sale by state liquor stores	22,564	Debt Service for Cobo Hall Expansion and Local Units
Marine Fuel	1947	TREASURY	20th of each month	180	Michigan State Waterways Fund
Motor Carrier Diesel Fuel	1980	TREASURY	20th of each month	609	Michigan Transportation Fund
Motor Carrier Diesel License	1980	TREASURY	May 1	3,746	Michigan Transportation Fund
Motor Carrier's Privilege	1923	Commerce	December 1	5,362	Michigan Transportation Fund
Motor Vehicle Weight or Value	1905	State	Owner's birthday	560,795	Michigan Transportation Fund
Public Utility Property	1905	TREASURY	July 1, or 1/2 on August 1, 1/2 on December 1	137,748	General Fund
Real Estate Transfer Tax	1994	TREASURY	County Treasurer remits to State on the 15th in the month after receipt	156,824	School Aid Fund
Sales	1933	TREASURY	15th of each month	5,189,633	73.3% to School Aid Fund, 15.4% to General Fund, 1.3% to Comprehensive Transportation Fund, 10% to Local Units
Single Business	1975	TREASURY	April 30, or last day of 4th month after fiscal year close	2,163,713	General Fund with approximately 14.5% of gross to Local Units
State Education	1994	TREASURY	County Treasurer remits to State the month after receipt from Local Units	1,087,864	School Aid Fund
Snowmobile Registration	1968	State	October 1 (every 3rd year)	1,013	General Fund
Underground Regulatory	1989	TREASURY	10th and 25th of each month	57,491	Michigan Underground Storage Tank Financial Assurance Fund
Use	1937	TREASURY	15th of each month	1,033,921	66.7% to General Fund, 33.3% to School Aid Fund
Watercraft Registration	1967	State	January 1 (every 3rd year)	10,002	17.5% to Michigan State Waterways Fund, 33.5% to Harbor Development Fund, 49% to Marine Safety Fund

# Local Property Taxes

Local property taxes in Michigan are levied by local units of government - school districts, cities, counties, townships and villages. Each of Michigan's 83 counties then "equalizes" the local assessments.

Equalization ensures that similar properties in different areas are assessed equitably. Following county equalization, the State Tax Commission equalizes among counties.

Table 15 shows state, county and local equalized valuations for calendar year 1995 and the prior decade and lists the average property tax rate (millage) for each year. Table 16 shows how property tax dollars are apportioned among the various taxing units.

Michigan taxpayers' local property tax burden is lessened substantially by an income tax credit for property taxes paid.



## Table 15

### Local Property Tax Valuation, Levies and Average Rates (In Millions of Dollars)

Calendar Year	Local Assessed Valuation	County Equalized Valuation	State Equalized Valuation	Total Taxes Levied	Average Rate (Mills)
1995	\$ 186,262	\$ 186,388	\$ 186,395	\$ 2,956 <sup>(a)</sup>	----- <sup>(b)</sup>
1994	175,280	175,550	175,195	2,825	-----
1993	167,651	167,877	167,731	9,501	56.64
1992	154,266	154,284	153,929	8,942	58.09
1991	150,687	150,858	150,665	8,639	57.34
1990	139,921	140,166	139,901	7,998	57.17
1989	128,649	128,813	128,754	7,391	57.40
1988	119,028	119,087	119,013	6,761	56.81
1987	111,387	111,257	111,038	6,215	55.97
1986	106,340	106,252	106,155	5,851	55.12
1985	102,736	102,685	102,685	5,593	54.47

(a) The total taxes levied for the 1994 and 1995 tax year does not include school tax levy information. It does not include levies collected for the State Education Tax (SET).

(b) No Average Rate was computed based on all classes of property. Beginning with the 1994 tax year, the statewide average was based on commercial, industrial and utility property only.



## Table 16

### Distribution of Local Property Taxes (In Thousands of Dollars)

Taxing Unit	Taxes Levied		Percent of Increase
	1994	1995	
City	\$ 1,355,455	\$ 1,411,549	4.14 %
County	1,098,218	1,143,508	4.12
Township	317,464	344,611	8.55
Village	53,867	56,770	5.39
Totals	<u>\$ 2,825,004</u> (a)	<u>\$ 2,956,438</u> (b)	

(a) \$429.3 million of the total property taxes levied in 1994 was refunded to taxpayers through the "circuit breaker" system of property tax credits against State income tax due or as a reimbursement if they exceed the income tax liability.

(b) \$407.7 million of the total property taxes levied in 1995 was refunded to taxpayers through the "circuit breaker" system of property tax credits against State income tax due or as a reimbursement if they exceed the income tax liability.

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